

Message Text

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ACTION ARA-10

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SUBJECT: REACTION TO GOP ECONOMIC MEASURES

REF: LIMA 5303

1. SUMMARY. IN SPITE OF GOP EFFORT TO MAKE ECONOMIC MEASURES APPEAR ON BALANCE FAVORABLE TO WORKERS AND THE CONSUMER, INITIAL REACTION HAS BEEN NEGATIVE. APRA REACTION IN PARTICULAR, AND ALSO THAT OF COMMUNIST TRADE UNION IS NOT YET KNOWN. END SUMMARY.

1. ISOLATED DISTURBANCES BROKE OUT IN DOWNTOWN LIMA AND IN SEVERAL MARKETS ON JULY 1. POLICE USED NIGHT-STICKS TO BREAK UP DEMONSTRATION IN PLAZA SAN MARTIN. SOME SHOPKEEPERS, IN ANTICIPATION OF FURTHER TROUBLE, SHUTTERED THEIR ESTABLISHMENTS. GUARDIA CIVIL TEAMS WERE STATIONED AT MOST SUPER MARKETS THROUGHOUT JULY 1 AS PRECAUTIONARY MEASURE. DISCONTENT AMONG SHOPPERS IN SOME STORES APPARENT AND THERE WAS A RUN ON RICE, SUGAR AND OTHER ITEMS STILL CONTROLLED AT PRE-ECONOMIC PACKAGE LEVELS. MAN-IN-STREET INTERVIEWS BY GOVERNMENT-CONTROLLED TV, LIMITED OFFICIAL USE

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WHICH IN PAST HAVE BEEN USED TO DEMONSTRATE POPULAR APPROVAL

OF WHATEVER MEASURE HAD BEEN TAKEN, THIS TIME CARRIED SOME EXPRESSIONS OF DISCONTENT, PRIMARILY BECAUSE OF INCREASE IN BREAD PRICE AND BUS FARES.

2. ALTHOUGH DISTURBANCES WERE GENERALLY IGNORED BY MEDIA, LEFTIST DAILY EXPRESO ON JULY 2 HEADLINED THEM AS APRA ATTEMPT TO FOMENT FEBRUARY 5-STYLE UPRISING. EXPRESO, WHICH EDITORIALY TERMED ECONOMIC CHANGES "NECESSARY", SAID THAT APRA ACTIVISTS RECEIVED NO SUPPORT FROM POPULACE AND "AGITATION PLAN" FAILED.

3. THE COMMUNIST PARTY (PCP) CONTINUED ITS PUBLIC SUPPORT FOR THE GOP AND TERMED GOVERNMENT ECONOMIC MEASURES ESSENTIAL IN ORDER TO "LIQUIDATE IMPERIALISTIC AND OLIGARCHIC DOMINATION". THE PCP EXHORTED WORKERS AND MASSES TO CLOSE RANKS WITH THE GOVERNMENT AND TO "UNMASK" COUNTER-REVOLUTIONARY AND IMPERIALIST EFFORTS TO CREATE CONFUSION BY PRESENTING ECONOMIC MEASURES AS DAMAGING TO THE PEOPLE. THE PCP CALLED FOR PRICE CONTROLS ON BASIC COMMODITIES AND STATED THAT UNIONS AND MASS ORGANIZATIONS MUST PLAY A MORE IMPORTANT ROLE IN THE ENFORCEMENT OF THESE CONTROLS.

4. ONLY TRADE UNION CONFEDERATION TO REACT THUS FAR HAS BEEN GOVERNMENT-DOMINATED CTRP, WHICH ISSUED COMMUNIQUE SUPPORTING ECONOMIC MEASURES AS BENEFICIAL TO THE PEOPLE. THE CTRP CALLED ON WORKERS TO INCREASE PRODUCTION IN ORDER TO ATTAIN "NATIONAL ECONOMIC LIBERATION". THE CTRP DID URGE MODIFICATION OF ECONOMIC MEASURES TO PROVIDE FOR THOSE WORKERS WHOSE CONTRACTS HAVE NOT BEEN RENEWED SINCE 1973. NEITHER COMMUNIST CGTP NOR APRISTA CTP UNIONS HAS YET REACTED.

5. EFFECT OF AUTOMATIC 1600 SOLES PER MONTH WAGE INCREASE ON STRIKING POSTAL WORKERS HAS BEEN NIL THUS FAR. POSTAL UNION TERMED INCREASE A "MERE ADJUSTMENT IN ACCORD WITH NEW PRICES INCREASES" WHICH NO WAY AFFECTS PRIOR UNION DEMANDS. WORKERS CONTINUE THEIR OCCUPATION OF A DOWNTOWN CHURCH. CHURCH EFFORTS TO MEDIATE THIS STRIKE HAVE BEEN FURTHER COMPLICATED BY ARREST OF UNION LEADERS IN LIMA.

6. COMMENT. IF POSTAL STRIKE INDICATIVE OF LABOR REACTION, THE LIMITED OFFICIAL USE

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GOP WILL FACE AN UPHILL BATTLE IN ITS EFFORT TO SECURE LABOR PEACE AND AT THE SAME TIME TO CONTAIN WAGE INCREASES TO DESIGNATED LEVELS. POLITICAL IMPACT OF THESE MEASURES IS STILL TO BE DETERMINED. WHILE THEY INCREASE GOP UNPOPULARITY IN THE SHORT RUN, IT NOT CERTAIN THAT THE COMMUNIST PARTY OR APRA WILL BENEFIT POLITICALLY.

7. ALTHOUGH THE PCP CONTINUES ITS POLITICAL SUPPORT FOR THE

GOVERNMENT, ITS TRADE UNION ARM IS ALREADY HARD-PRESSED BY LABOR MILITANTS ON THE LEFT. THE CGTP IS LIKELY TO GO ALONG WITH SPECIFIC RANK AND FILE DEMANDS IN INDIVIDUAL STRIKE SITUATIONS TO AVOID LOSSES TO MORE MILITANT UNIONS.

8. THE APRA, ENCOURAGED BY RECENT GOP MOVES AGAINST FAR LEFT, HAS BEEN MODIFYING ITS OPPOSITION. IN RECENT PRESS INTERVIEW, (WHICH WAS GIVEN, HOWEVER, PRIOR TO ANNOUNCEMENT OF NEW ECONOMIC AUSTERITY MEASURES),

APRA CHIEF HAYA DE LA TORRE CALLED ON LATIN AMERICAN PEOPLES TO REJECT BOTH CAPITALISM AND COMMUNISM. HE STATED PUBLICLY WHAT APRA HAS LONG CONTENDED IN PRIVATE, I.E. THE GOP IS PUTTING APRA'S PROGRAM INTO PRACTICE AND THAT THIS IS FIRST PERUVIAN MILITARY GOVERNMENT WHICH HAS TAKEN POWER NOT TO PROTECT THE OLIGARCHY BUT TO "BENEFIT THE PEOPLE". HAYA FURTHER STATED THAT EVEN THOUGH ELECTIONS HAVE NOT BEEN HELD, "WE HAVE TO CONFESS THAT WITH THIS REGIME, WE ARE EXPERIENCING A LIBERTY WHICH NO PRIOR MILITARY GOVERNMENT HAS GIVEN US". APRA MAY CONSIDER THAT ADVANTAGES OF POSSIBLE COOPERATION WITH THE GOP OUT-WEIGH BENEFITS OF OPPOSING CURRENTLY UNPOPULAR MEASURES, ESPECIALLY SINCE THE FUTURE POLITICAL DIRECTION OF THE GOP IS STILL INDETERMINATE.
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